

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6888

BILL NUMBER: SB 199

NOTE PREPARED: Jan 28, 2010

BILL AMENDED: Jan 25, 2010

SUBJECT: State Deferred Compensation Plan.

FIRST AUTHOR: Sen. Walker

FIRST SPONSOR: Rep. Gutwein

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides that if an employee does not choose another amount, the state shall, in each pay period during the first year the employee is automatically enrolled in the state's deferred compensation plan, deduct from the employee's compensation the greater of: (1) the maximum amount of any match provided by the state on behalf of the employee to a defined contribution plan; or (2) \$15; and deposit the amount deducted in the employee's account.

Effective Date: July 1, 2010.

Explanation of State Expenditures: *Payroll System Changes*- The State Auditor's office will need to make minor changes to its payroll system in order to implement the changes in payroll deduction. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

(Revised) *Deferred Comp Deduction Amount Changes*- The bill changes the initial automatic deduction amounts for the deferred compensation plans for new state employees. The change will not affect state expenditures.

Current statute provides that an amount equal to the administratively determined state matching contribution will be deducted unless the employee chooses a different amount. The bill changes the automatic initial employee deduction amount to be equal to the greater of (1) the administratively determined state match or (2) \$15 per pay period. Prior to CY 2010, the state match had been \$15 per pay period. However, the Governor announced in December 2009 that the state match will be suspended beginning January 1, 2010. Consequently, the automatic initial employee deduction amount will remain at \$15 unless the employee

chooses a different amount, the same as under current statute.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Auditor.

Local Agencies Affected:

Information Sources: Brent Plunkett, Payroll Director, State Auditor's office, 317-232-3299.

Fiscal Analyst: Alan Gossard, 317-233-3546.